government include strict fiscal discipline, rationalization of duties of essential items effective supply demand management of essential commodities through liberal tariff and trade policies, and strengthening the public distribution system. Policies of the Reserve Bank of India and the Government complement each other.

DR. Y.S.P. Thorat Committee

1151. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government has approved the recommendation of Dr. Y.S.P. Thorat Committee on Human Resource Development in Rural Banks;

(b) whether Government shares, the views of the Chairman of all Regional Rural Banks in this regard as recorded in the proceedings of 2 June, 2007 at Lucknow; and

(c) whether Government is going to constitute a Committee on amendment of RRB staff service rules, as recommended by Dr. Thorat Committee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Report of Dr. Y.S.P. Thorat Committee on Human Resource Development in Rural Banks is under consideration.

Interest subvention scheme

1152. SHRI KESHUBHAI S. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has announced an Interest Subvention Scheme for providing farm credit at the rate of 7 per cent;

(b) if so, the details thereof;

(c) whether the State Government of Gujarat has pointed out some difficulties for its implementation in their State; and

(d) if so, the action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Government has decided to ensure that farmers receive Short Term Credit at 7% with an upper limit of Rs. 3 lakh on the principal amount since 2006-07. Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks are being provided interest subvention on their own involvement of funds @ 2%. The Government is also providing interest subvention to NABARD and concessional refinance to RRBs and Cooperative Banks for the purpose. This scheme continues for the years 2007-08 and 2008-09.

(c) and (d) Yes, Sir. The Government of Gujarat had highlighted the following difficulties in implementation of above scheme in Gujarat:

* Government of India to consider provision of interest subvention to Cooperatives on their own involvement.
* NABARD's refinance to Cooperative Banks to be to the extent of 85% of their crop loans.

NABARD's refinance to be available to all Section 11(1) non-compliant banks.

* The cost of funds of Cooperative Banks in Gujarat are on the high side and therefore they are not in a position to implement the scheme.

Government of India decided to provide subvention of 2% p.a. to the Cooperative Banks for short term credit disbursed out of their own resources with an upper limit of Rs. 3.00 lakh on the Principal amount per borrower.

Removal of dual control on UCBs

1153. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

(a) the reasons for Government retreating on promise made on 6 December, 2006 in the House to bring a comprehensive Bill to amend Banking Regulation Act to remove dual control in Urban Cooperative Banks (UCBs);

(b) by when the Bill would be introduced;

(c) whether Government has received any demand from UCBs for exemption from Income Tax;

(d) whether Government is aware that UCBs are currently going through a bad patch and require capital for technological upgradation; and

(e) if so, the steps taken to improve the position of UCB sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a), (b), (d) and (e) To ensure regulatory coordination and cooperation under the existing legal framework, RBI has entered into Memorandum of Understanding (MoU) with State Governments. As part of the MoU, a Task Force for Urban Cooperative Banks (TAFCUB) has been set up in each of the States which have signed the MoU for identification of and drawing up of a time bound action plan for revival of potentially viable Urban Co-operative Banks (UCBs) and for non-disruptive exit for non-viable UCBs.

Based on TAFCUB's recommendations, supervisory actions that have been taken include issue of license to unlicensed banks, allowing merger of UCBs, cancellation of license of unviable UCBs etc. Further, certain other facilities like setting up of currency chest, selling mutual funds, providing foreign exchange services etc. have been extended to such banks in the MoU signed States.

(c) The demand for exemption of Cooperative Banks from income tax under Section 80P of the Income Tax Act has been received from different quarters and was considered by the Government. However, the same has not been found to be acceptable.

Revenue forego on account of Corporate tax

1154. SHRI PENUMALLI MADHU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is aware that the Revenue forego on account of corporate tax exemptions accounted for more than Rupees 50,000 crores and excise duty nearly Rupees 1,00,000 crores, in 2006-07;

(b) whether Government has reviewed the concessions now being enjoyed by the corporate sector and what are the steps proposed to end further loss to Government on account of these concessions; and